Stay Nimble

UK Labour Market Briefing

Current Conditions and Forward Outlook
June 2026

Executive Summary

After several months of deterioration, June brings the first tentative signs of stabilisation. The Institute for Employment Studies (IES) points to early signs that the pace of decline in jobs may be slowing, and Indeed has a similarly cautious note after months of softening. The dramatic single-month payroll fall we highlighted in our May briefing, initially reported at around 100,000 in April, has since been revised to a decline of 53,000. Single-month data is volatile, and the scale of this revision surprised analysts across the sector, albeit a welcome update in many respects.

But stabilisation is not recovery. The market has stopped deteriorating and settled at a level that is weaker, more unequal, and more insecure than a year ago. Unemployment is 4.9%, up 124,000 over the year, while vacancies have fallen to 707,000, down from 759,000 a year earlier and now at their lowest level since February to April 2021. Private sector real wages have been falling since October 2025, while public sector pay has continued to grow, a gap the Resolution Foundation describes as rarely seen outside a recession. Self-employment and zero-hours work are also rising faster than overall employment, changing the quality of what work remains.

This is our fifth monthly briefing since February. Across that period, the headline figures have moved up and down and at least one dramatic number has since been revised away. But stepping back from the monthly releases, a set of conditions has held remarkably steady: intense competition for a shrinking pool of vacancies, a market that is stuck rather than crashing, a widening divide between those inside work and those trying to get in, and young people bearing the brunt throughout. Learning and Work Institute analysis now puts that competition at 5.5 people out of work wanting a job for every vacancy, up from 4.7 a year ago. We set these durable trends out in a dedicated section in this issue because they are a more useful guide to the market than any single monthly movement.

We are responding by continuing to scale infrastructure that is relational, persistent, and adaptable. Career Allies has reached 30 organisations with over 100 enrolments and 20 certified allies, with a [published competency framework] available under Creative Commons for other organisations to build training against. Our investment in the Stay Nimble platform continues at pace, with rapid signs of adoption of the new tooling we have added, powered by Ask.Nim. In a market that is

stuck rather than recovering, infrastructure that holds the relationship through a long, grinding period is what the data calls for.

Current position: June 2026

Headline indicators

Indicator	Current	Year ago
Unemployment rate	4.9%	4.6%
Youth unemployment (16 -24)	16.2%	14.3%
Payrolled employees (annual change, Apr)	-138,000	-115,000
Vacancies	707,000	738,000
Regular pay growth (nominal)	3.4%	5.2%
Real regular pay growth	0.1%	1.4%
Unemployment-to-vacancy ratio	2.5	2.2
Economic inactivity rate (16–64)	21.0%	21.3%
Employment rate (16–64)	75.0%	75.1%

Sources: ONS, Labour market overview, UK: June 2026; ONS, Labour market overview, UK: June 2025; ONS, Vacancies and jobs in the UK: June 2026; Youth Employment UK, Labour Market Statistics: June 2026. Payrolled employees annual change compares April to April in each year. Youth unemployment is overall 16–24 unemployment.

What has changed since May

The reading from analysts has shifted to cautious stabilisation. After months of softening, analysts are noting that the pace of decline has slowed. IES reports early signs that the labour market is starting to stabilise. Indeed offers a cautious note of reassurance, while stressing the market remains undeniably weak. The early estimate for May payrolled employment was largely unchanged on the month, increasing by 2,000.

Last month's dramatic payroll figure has been revised down. The 100,000 single-month fall in April that we and others highlighted in May has been revised to around a 50,000 decline. This is still negative, but roughly half the initial estimate. The volatility of the single-month series is itself part of the picture, and the scale of this particular revision was not widely anticipated.

The nature of work is shifting toward insecurity. Between December 2025 and March 2026, 177,000 self-employed jobs were created, accounting for over two-thirds of job growth in that period, while zero-hours contract jobs grew by 5.6% over the year compared with 1.2% overall employment growth. This is a new dimension to what we described in our April briefing as a splitting market: the bifurcation is no longer only about who has work, but about the quality and security of the work that exists.

The public and private sectors continue to diverge. Private sector real wages have been falling since October 2025, while public sector workers have seen real growth over the past year. The Resolution Foundation describes this gap as rarely seen outside a recession. Nominal private sector pay growth was 2.9%, against 5.1% in the public sector.

Sources: *Institute for Employment Studies, June 2026 comment; Indeed Hiring Lab, UK Employment Figures, June 2026; Resolution Foundation, June 2026; ONS earnings and labour market releases, June 2026.*

Entry-level and youth labour market

Young people remain at the leading edge of this market's weakness. Overall youth unemployment stands at 16.2%, while the economic inactivity rate for young people not in full-time education is 21.4%, the highest since ONS quarterly records began in 1992. Indeed also reports that summer job postings, often a first step into work, were down 31% year on year as of 22 May 2026.

The Milburn Review, which reported in interim form last month, continues to shape the debate by framing the rise in youth disengagement as a whole-system failure rather than a failure of young people themselves. Learning and Work Institute analysis adds an important nuance to the headline NEET figures: many young people in this group face barriers tied not just to employment, but also to qualifications and access to training routes. These young people do not just need a job. They need support to build skills and qualifications, and with them the opportunities that open up across a working life.

This distinction matters for how support is designed. A model focused only on immediate job placement will miss the majority of the NEET cohort, for whom the route forward runs through capability, confidence, and qualification as much as through a vacancy.

Sources: Youth Employment UK, June 2026; Learning and Work Institute, June 2026; Indeed Hiring Lab, June 2026; Milburn Review Interim Report, May 2026.

Structural pressures: the gummed-up market

The clearest structural feature of this market is how little movement there is within it. Learning and Work Institute analysis shows that 93.3% of the 16–64 population stayed in the same employment situation between the end of 2025 and the start of 2026, while average quarterly job-to-job moves have continued to fall and are now below pre-pandemic levels. That helps explain why entry points for people trying to start, return to, or change work remain limited. In a market where hiring is weak and turnover is subdued, outsiders find it harder to get in.

When people move between jobs, they create openings behind them. A market where almost everyone stays put is one where the entry points for those trying to start, return, or change direction simply are not appearing. Learning and Work Institute analysis also shows that, in the year to March 2026, only 40% of the people moving into unemployment had previously been in work. The majority had moved from economic inactivity into active job search, but had not found work.

Cost pressures on employers persist, including National Insurance, the minimum wage increase, and the Employment Rights Act. These changes carry real costs. But the regulatory direction is toward better work, not just more work, and the long-term case for higher employment standards does not disappear because the short-term costs are visible in a weak market. The Resolution Foundation warns that with further inflation expected over the summer, the real-terms squeeze on private sector workers is likely to continue.

Sources: Learning and Work Institute, June 2026; Resolution Foundation, June 2026; ONS Labour Market Overview, June 2026.

2026 Durable Trends

This is our fifth monthly briefing since February. With five issues behind us, it is possible to step back from the month-to-month figures, which can be volatile and occasionally revised heavily, and identify the conditions that have held steady throughout. These durable trends are a more useful guide to the state of the labour market, and to support planning around it.

Competition for work has only intensified. The Learning and Work Institute's measure of people wanting work per vacancy has risen from 4.7 a year ago to 5.5 in recent months. Across five briefings, the structural reality that there are far more people wanting work than there are openings has not meaningfully reversed.

The opportunity base has only shrunk. Vacancies have fallen from 725,000 in the previous quarter and 759,000 a year earlier to 707,000 now, the lowest level since early 2021 and 10.4% below pre-pandemic levels. The pool of openings remains materially smaller than it was even a year ago.

The market is stuck, not crashing. Hiring has not recovered, while labour market flows remain weak and job-to-job movement subdued. The gummed-up flows data and the continued decline in vacancies describe the same persistent condition: a market frozen in place. The monthly figures wobble around that freeze, but the freeze itself has been the story since February.

The bifurcation has only widened. What we first described in our April briefing as a splitting market has hardened along three lines: public versus private, now a real-wage gap rarely seen outside a recession; insider versus outsider, visible in the labour market flows data; and secure versus precarious work, as self-employment and zero-hours contracts rise faster than overall employment.

Real wages have remained weak. Real regular pay growth was just 0.1% in the three months to April, and in the private sector real wages have been falling since October 2025. The squeeze on living standards has not been a single event but a continuing condition.

Young people have borne the brunt throughout. Youth unemployment remains at 16.2%, while the economic inactivity rate for young people not in full-time education is at its highest since ONS quarterly records began in 1992. Whatever the headline rate has done in a given month, young people have remained at the sharp end of this labour market, and the Milburn Review has now reinforced that externally.

The analytical implication is the throughline. The defining feature of this period is not any single data point but the persistence of a stuck, unequal market over many months. That persistence is the strongest argument for infrastructure over time-limited programmes. Programmes are designed to respond to short-term signals and report against fixed delivery windows. Infrastructure is designed to hold through exactly the kind of grinding, directionless conditions that have prevailed since February.

Source: Stay Nimble analysis of ONS, Learning and Work Institute, Resolution Foundation, Indeed Hiring Lab, and Youth Employment UK data, February to June 2026.

Forward outlook

With five months of data, the forward view rests on observed persistence rather than month-to-month forecasting. The central expectation is continuation of the conditions set out in the durable trends section: a market that is stuck at a weak, unequal level, with stabilisation more likely than either sharp recovery or sharp deterioration. The base case is more of the same, not because nothing is changing, but because the underlying conditions have proven so resistant to change.

The downside risk remains real. The Resolution Foundation warns that the real-terms pay squeeze on private sector workers is likely to continue through the summer as inflation rises. If that squeeze deepens, it is likely to weigh further on already fragile demand and hiring conditions.

For the people being supported, the most important point is that a stabilised but stuck market is not good news. As set out above, churn is how those outside the labour market get in, and a frozen market offers them very little. The competition tracked all year, now at 5.5 people wanting work for every vacancy, is not eased by stabilisation at a weak level. If anything, a market that has settled into this pattern is harder to move through than one that is visibly changing..

Sources: Resolution Foundation, June 2026; Learning and Work Institute, June 2026; Indeed Hiring Lab, June 2026.

What we are seeing in current delivery

Engagement with Ask.Nim, our AI career assistant, has grown sharply through the first half of 2026, accelerating month on month across our membership and within partner instances such as Kingston. In a stuck market, this matters: people are turning to support more often and using it more deeply, sustaining the search through a period that can be grinding and difficult. Members increasingly use these conversations to go beyond job applications, into research, planning, and thinking through a direction.

Coaches report a consistent pattern in what is working through the use of AI. Members tell us the specialist writing support, for academic CVs and other technical or narrative pieces where generic AI tools fall short, is markedly more useful than what they have found elsewhere. Others are using Ask.Nim as a research and planning tool, in one case to scope and plan a new social enterprise. The common thread is depth: support that meets a specific, real situation rather than offering a generic answer.

The outcomes our coaches are seeing through 1-2-1 work reflects the durable trends in this briefing. Experienced professionals out of work since late last year are landing senior roles after sustained work on CVs, interviews, and navigating the hidden job market. People who had been freelancing are moving into permanent positions. Career changers are shifting toward more person-centred, values-led work. Members with ADHD, dyslexia, and dyspraxia are securing multiple offers through sustained application and interview support. And volunteering is repeatedly converting into employment. In a gummed-up market where openings are scarce, what converts is persistence and relationship, sustained over months. That is exactly what the infrastructure is built to provide.

Sources: Stay Nimble internal delivery data, Ask.Nim engagement analysis, and coaching observations, January to June 2026.

How we are responding

Our response is an infrastructure model for a stuck and uncertain labour market. Rather than a time-limited programme, it is a set of layers that hold together: a standard for good career conversations embedded in communities, persistent digital support that deepens over time, and developing new approaches to connect employers and members. The social value arrangements, combined with other direct funding, provides access for people so they can return whenever they need it. The throughline is continuity. In a market that has been stuck for many months, what people need is support that is still there when the moment comes.

Career Allies

Career Allies is how we embed career conversation capability into the places people already turn to. It is a CPD certified programme for non-career professionals, built on our own competency framework, which has now published under a Creative Commons licence so it is freely available for adoption for others to build against too. The Career Allies approach has reached 30 organisations so far, with over 100 people enrolled and more than 20 certified. Industry bodies are engaging positively, which matters for the credibility of a standard intended to be adopted widely.

In Kingston, the next phase of this work is underway with Public Health: upskilling social prescribers and link workers so that career conversations can happen within the health and community contact people already have. It builds on the initial cohort delivered earlier this year and activates more people across the borough with these skills. We are also in the early stages of a national partnership with Citizen Hub to bring this capability into communities at greater scale.

Access that lasts: social value for community infrastructure

Much of the access we provide is funded through social value and direct funding. In social value, the commitments that large organisations make when they win public contracts includes Stay Nimble access for communities nationwide. Working with partners such as Accenture, we turn those commitments into something durable with our infrastructure. Accenture funds Stay Nimble licences through contracts won across government departments as part of delivering its social value obligations. Including innovative and differentiated commitments both strengthens its bids and creates lasting infrastructure rather than one-off activity. To date this has evidenced over £500k of social value at a blended SROI of around 6:1. The people reached keep lifetime access to the platform, so the support is there to return to long after the funded engagement ends.

Alongside this, direct funding has reached two milestones which show the scale this reaches. Through Accenture's Regenerative AI programme, which recently passed one million people supported in the UK with digital and AI skills, thousands of people now have lifetime access to Stay Nimble and hundreds have been supported into work. And a first step with the Simplon Foundation and Accenture will support hundreds of people nationally with lifetime Stay Nimble access. In a market that is stuck rather than recovering, lifetime access is precisely the infrastructure that holds the relationship given the expected ongoing transitions people face in working life.

Investment in tools and resources

Ask.Nim continues to develop as the persistent digital layer beneath the 1-2-1 coaching and the community. We are imminently releasing three new capabilities:

Career Explorer, which helps members find directions that fit their skills;

Course Finder, which surfaces relevant learning both online and in person; and

Skills Finder, which helps members identify and articulate what they can already do.

We are also integrating the Essential Skills universal framework, through our partnership with Skills Builder Partnership, into Ask.Nim, giving members and partners a shared, recognised language for the transferable skills that matter most to employers.

Employer-ability and equitable access

The traditional application-based hiring model is failing. Applications carried implicit signals, conscientiousness inferred from a neat CV, effort from a tailored cover letter, stability from no employment gaps. AI has broken those signals, because the artefacts they were read from are now basically free (in terms of time) to signal. Those signals were always partly unjust: a CV gap usually meant caring, health, or life, not risk. In a gummed-up market that cannot match workers to employers, we are developing infrastructure that regenerates employer-useful signals from verified behaviour rather than polished documents, designed so that visibility to employers does not depend on the ability to pay for expert support or established preferred networks.

Implications for employability investment

Measuring against a stuck market

The durable trends in this briefing have a direct consequence for measurement. When a market has been stuck for many months, with intense competition for a shrinking pool of vacancies, the time between someone being well-supported and achieving a measurable employment outcome lengthens. Outcome metrics increasingly reflect the state of the market rather than the quality of the support. A programme judged solely on job outcomes within a fixed window will understate its real effect, because the binding constraint is the number of jobs, which is a feature of the market and not of the intervention.

The questions that matter are whether the infrastructure is in place, whether it is reaching the right people, whether it is operating at sufficient quality, and whether it is adapting. These predict whether outcomes will convert when conditions ease.

Infrastructure outlasts the cycle

Labour markets are cyclical, and this stuck market will eventually move. When it does, the infrastructure built during this period, hundreds of trained Career Allies, established coaching relationships, a published competency framework, and tools operating continuously, will convert outcomes faster than any cold-start alternative. Investment made now is not lost if outcomes are slower in the interim. It is stored in infrastructure that compounds when conditions improve. The persistence of this period is precisely why building now, rather than waiting for recovery, is the sound decision.

Reference: Key Data Points

Indicator	Data
Overall unemployment rate	4.9% (Feb–Apr 2026); 1.76m unemployed, +124,000 on year
Youth unemployment (16–24)	16.2%; highest in more than a decade.
Youth economic inactivity	21.4%; highest since ONS quarterly recording began in 1992.
Payrolled employment (annual change, Apr)	-138,000 (0.5%); -53,000 on month; May early estimate +2,000.
April monthly payroll (revised)	-53,000 (revised from around -100,000 in the previous release).
Vacancies	707,000; lowest since Feb–Apr 2021; -4.2% on year.
Unemployment-to-vacancy ratio	2.5 (up from 2.2 a year ago).
People wanting work per vacancy	5.5 (up from 4.7 a year ago)
Self-employment growth (Dec 2025–Mar 2026)	+177,000; over two-thirds of job growth.
Zero-hours contract growth (annual)	+5.6%, vs +1.2% overall employment growth.
Labour market flows (quarter)	93.3% stayed in the same employment situation.
Regular pay growth (nominal)	3.4%; private 2.9%, public 5.1%.
Real regular pay growth	0.1%; private sector real wages falling since October 2025.
Employment rate (16–64)	75.0%.
JobsPlus pilot	29% into work; 61% sustained employment at 3 months; 31% aged 16–24.

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Prepared by Stay Nimble, June 2026.